

### Banking in Siam.

The bank-note circulation of Siam is provided largely by branches of the foreign banks doing business in the Orient —•the Hong-kong and Shanghai, the Chartered Bank, and the Bank of Indo-China. In 1907, however, a native bank was established under royal charter under the name of the Commercial Bank of Siam, limited.<sup>1</sup> The government in 1902 began to issue currency notes, which reduced the circulation of bank-notes. The amount in currency notes, outstanding is fully covered by deposits of silver, except that one quarter of the amount may be invested in securities, from which the interest is covered into the Treasury. The avowed purpose of the notes was to obviate transfers of coin, and offices were established throughout the country at which notes might be obtained for silver or deposited in exchange for silver. The notes were made legal tender to and by the government and between individuals.<sup>2</sup> The amount outstanding on March 31, 1907, was 15,209,170 ticals.

The tical was the old monetary unit of Siam, weighing 236 grains, nine-tenths fine, or about three-fifths of a Mexican dollar. • The government undertook to establish a gold standard in 1902. The mints were closed, by a decree of November 26th, to the free coinage of silver and an arbitrary parity was fixed of twenty ticals to the pound sterling. It was first proposed to fix it at seventeen ticals, but this was so wide a departure from the existing rate of exchange that it led to vigorous protests and a modification of the rate to twenty ticals to the pound. The banks were also authorized to import a sufficient amount in Mexican dollars to pay off the deposits of the government, which were settled on the basis of five ticals to three dollars.<sup>3</sup>

If it was the purpose of the government to raise rapidly the value of the tical, they were greatly aided by events. The rate of twenty ticals to the pound gave way before the

<sup>1</sup> Statesman's Year Book for 1908> 150x3.

<sup>2</sup> jLe Marchk Financier en 1902-03, 968.

<sup>3</sup> Alglave, in Questions Monttaires Contemporaines, 660.